

HOLLAND TOWNSHIP, MISSAUKEE COUNTY

FALMOUTH, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Holland Township	County Missaukee
Audit Date 3/31/04	Opinion Date 6/15/04	Date Accountant Report Submitted to State: July 6, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET	City CADILLAC	State MI	ZIP 49601
Accountant Signature <i>Donald D. Bishop CPA</i>		Date 6-25-04	

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 15, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Holland Township
Missaukee County
Falmouth, Michigan

We have audited the accompanying general-purpose financial statements of Holland Township, Missaukee County, Falmouth, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Holland Township, Missaukee County, Falmouth, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	GOVERNMENTAL FUND TYPE GENERAL	FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
<u>ASSETS</u>				
Cash				
Commercial Account	\$ 80,059	\$ 163,501	\$ 0	\$ 243,560
Money Market Account	10,592	0	0	10,592
Taxes Receivable	1,216	0	0	1,216
Land	0	0	4,141	4,141
Buildings	0	0	16,482	16,482
Furniture and Fixtures	0	0	3,589	3,589
TOTAL ASSETS	\$ 91,867	\$ 163,501	\$ 24,212	\$ 279,580
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 1,216	\$ 0	\$ 0	\$ 1,216
Payroll Withholdings	14	0	0	14
Total Liabilities	\$ 1,230	\$ 0	\$ 0	\$ 1,230
<u>EQUITY</u>				
Investment in General				
Fixed Assets	\$ 0	\$ 0	\$ 24,212	\$ 24,212
Balance				
Unreserved	90,637	163,501	0	254,138
Total Equity	\$ 90,637	\$ 163,501	\$ 24,212	\$ 278,350
TOTAL LIABILITIES AND EQUITY	\$ 91,867	\$ 163,501	\$ 24,212	\$ 279,580

The accompanying notes are an integral part of these financial statements.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
GENERAL FUND

YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 29,783
State Grants	15,206
Interest and Rents	1,147
Other Receipts	407
	<hr/>
Total Receipts	\$ 46,543

DISBURSEMENTS

Legislative	
Township Board	\$ 3,756
General Government	
Supervisor	3,200
Assessor	4,448
Clerk	3,200
Board of Review	390
Treasurer	7,648
Building and Grounds	851
Cemetery	1,300
Public Safety	6,160
Public Works	45,358
Community and Economic Development	300
Other Functions	4,916
	<hr/>
Total Disbursements	\$ 81,527

Excess of Receipts Over (Under) Disbursements	\$ (34,984)
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<u>BALANCE</u> - Beginning of Year	<hr/> 125,621
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<u>BALANCE</u> - End of Year	<hr/> <hr/> \$ 90,637
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The accompanying notes are an integral part of these financial statements.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

GENERAL FUND
YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 26,758	\$ 29,783	\$ 3,025
State Grants	16,479	15,206	(1,273)
Interest and Rents	500	1,147	647
Other Receipts	300	407	107
Total Receipts	\$ 44,037	\$ 46,543	\$ 2,506
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 6,450	\$ 3,756	\$ 2,694
General Government			
Supervisor	3,200	3,200	0
Election	875	0	875
Assessor	4,950	4,448	502
Clerk	3,200	3,200	0
Board of Review	510	390	120
Treasurer	8,038	7,648	390
Building and Grounds	2,800	851	1,949
Cemetery	1,500	1,300	200
Public Safety	9,000	6,160	2,840
Public Works	46,000	45,358	642
Community and Economic Development	300	300	0
Other Functions	5,085	4,916	169
Total Disbursements	\$ 91,908	\$ 81,527	\$ 10,381
Excess of Receipts Over (Under) Disbursements	\$ (47,871)	\$ 34,984	\$ 12,887
<u>BALANCE</u> - Beginning of Year	125,635	125,621	(14)
<u>BALANCE</u> - End of Year	\$ 77,764	\$ 90,637	\$ 12,873

The accompanying notes are an integral part of these financial statements.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Holland Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township authorizes the Township Treasurer to invest funds as follows:

- a. The Treasurer may invest Township funds in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank but only if the bank, savings and loan association, or credit union meeting all criteria as a depository of public funds contained in state law. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in context of managing an overall portfolio.
- b. The prior approval of the Township Board, shall be required for the Treasurer to invest in any other lawful investment instruments. The Township Board's standard of prudence shall be the "fiduciary" standard, which shall be applied in context of managing an overall portfolio. The Township Board may authorize the Treasurer to invest in the following:

Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The Township also recognizes unremitted payroll withholdings as a liability.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

3. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Use of Estimates

This presentation of financial statements requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted April 2, 2003, or as amended by the Township Board from time to time throughout the year.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's deposits was \$254,152 and the bank balance was \$254,152, of which \$190,651 was fully insured by federal depository insurance, and \$63,501 was uninsured and uncollateralized.

The carrying amounts of the Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Citizens Bank		
Falmouth, Michigan		
Commercial Accounts	\$ 80,059	\$ 163,501
Money Market Accounts	10,592	0
	<u>\$ 90,651</u>	<u>\$ 163,501</u>

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 4,141	\$ 0	\$ 0	\$ 4,141
Buildings	16,482	0	0	16,482
Furniture and Fixtures	3,589	0	0	3,589
	<u>\$ 24,212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,212</u>

IV. OTHER INFORMATION

A. Retirement Plan

Effective July 1, 1991, the Township established a Simplified Employee Pension Individual Retirement Account (SEP-IRA). The plan was established with Citizen's Bank, Cadillac, Michigan. The plan covers all employees who meet minimum premium requirements based on annual compensation. To be eligible for plan coverage each employee must be at least 18 years of age and not more than 85 years of age.

Contributions to the plan are based on annual compensation and are payable in June and December of each year. For 2003-2004 the Township contributed \$949 which is 7.5% of covered wages paid from January 1, 2003 to December 31, 2003.

The individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which are includible as part of the Township reporting entity.

For the Township fiscal year, wages for those covered under the plan was \$12,650 and total wages for all employees including non-covered payroll was \$12,811.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Property Taxes

The Township levied 1.4392 mills in tax on a taxable value of \$8,325,996 on the 2003 tax roll.

The date of the levy was December 1, 2003, at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Missaukee County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are collected and transferred from the tax account to the General Fund.

C. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,147	\$ 0

D. Current Tax Collection Fund Balance

The balance of \$163,501 remaining in the current tax collection fund at March 31, 2004, consists of 2003 tax collections and fees which are payable as follows:

Missaukee County	\$ 43,734
Kirtland Community College	12,411
Holland Township	13,309
Houghton Lake Community Schools	48,316
McBain Rural Agricultural School	28,377
COOR Intermediate School	2,991
Wexford-Missaukee Intermediate School	12,395
Houghton Lake Public Library	1,968
Total	\$ 163,501

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

E. Fire Protection Contracts

The Township contracts for fire protection with the Merritt Area Fire Department and Clam Union Township and paid \$6,160 for this protection during the year ended March 31, 2004.

F. Property Tax Administration Fee

The Township passed a resolution on June 14, 1983, to charge a 1% administration fee on all property taxes levied after this date. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

G. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including workers' compensation insurance and fidelity bonds.

H. Road Commission Contract

The Township owes the Missaukee County Road Commission \$22,000 at March 31, 2004, due without interest on demand for their share of road work done in the Township.

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 80,059
Money Market Account	10,592
Taxes Receivable	<u>1,216</u>
TOTAL ASSETS	\$ <u><u>91,867</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 1,216
Payroll Withholdings	<u>14</u>
Total Liabilities	\$ 1,230

EQUITY

Balance	
Unreserved	<u>90,637</u>
TOTAL LIABILITIES AND EQUITY	\$ <u><u>91,867</u></u>

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 26,758	\$ 29,783	\$ 3,025
State Grants	16,479	15,206	(1,273)
Interest and Rents	500	1,147	647
Other Receipts	300	407	107
Total Receipts	<u>\$ 44,037</u>	<u>\$ 46,543</u>	<u>\$ 2,506</u>
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 6,450	\$ 3,756	\$ 2,694
General Government			
Supervisor	3,200	3,200	0
Election	875	0	875
Assessor	4,950	4,448	502
Clerk	3,200	3,200	0
Board of Review	510	390	120
Treasurer	8,038	7,648	390
Building and Grounds	2,800	851	1,949
Cemetery	1,500	1,300	200
Public Safety			
Fire Protection	9,000	6,160	2,840
Public Works			
Highways, Streets and Bridges	46,000	45,358	642
Community and Economic Development			
Planning and Zoning	300	300	0
Other Functions			
Insurance and Bonds	3,500	3,468	32
Employee Benefits	1,585	1,448	137
Total Disbursements	<u>\$ 91,908</u>	<u>\$ 81,527</u>	<u>\$ 10,381</u>
Excess of Receipts Over (Under) Disbursements	\$ (47,871)	\$ (34,984)	\$ 12,887
<u>BALANCE</u> - Beginning of Year	125,635	125,621	(14)
<u>BALANCE</u> - End of Year	<u>\$ 77,764</u>	<u>\$ 90,637</u>	<u>\$ 12,873</u>

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes		
2002 Tax Roll	\$	10,789
Delinquent Property Taxes		
2002 Tax Roll		962
Swamp Tax		14,433
Penalties and Interest on Delinquent Tax		14
Property Tax Administration Fee		
2002 Tax Roll		2,685
Summer Tax Collection Fee		<u>900</u>
Total Taxes	\$	29,783

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		15,206

INTEREST AND RENTS

Interest Earnings		1,147
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OTHER RECEIPTS

Miscellaneous		<u>407</u>
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TOTAL CASH RECEIPTS	\$	<u><u>46,543</u></u>
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HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 1,536

Per Diem

985

Supplies

Office Supplies

523

Other Services and Charges

Miscellaneous - Other

712

Total Legislative

\$ 3,756

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 3,200

Assessor

Other Services and Charges

Contracted Services

4,448

Clerk

Personal Services

Salaries and Wages

3,200

Board of Review

Personal Services

Salaries and Wages

390

Treasurer

Personal Services

Salaries and Wages

\$ 3,200

Other Services and Charges

Contracted Services

4,448

7,648

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
YEAR ENDED MARCH 31, 2004

Building and Grounds			
Other Services and Charges			
Utilities	\$	772	
Repairs and Maintenance		79	851
Cemetery			
Other Services and Charges			
Contracted Services			1,300
Total General Government			21,037
<u>PUBLIC SAFETY</u>			
Fire Protection			
Other Services and Charges			
Aid to Other Governments			6,160
<u>PUBLIC WORKS</u>			
Highway, Streets and Bridges			
Other Services and Charges			
Contracted Services			45,358
<u>COMMUNITY AND ECONOMIC DEVELOPMENT</u>			
Planning and Zoning			
Personal Services			
Salaries and Wages			300
<u>OTHER FUNCTIONS</u>			
Other Services and Charges			
Insurance and Bonds		\$	3,468
Employee Benefits			
Medicare	\$	76	
Pension Contribution		949	
Workers Compensation		423	1,448
Total Other Functions			4,916
TOTAL CASH DISBURSEMENTS			\$ 81,527

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash on Deposit
Commercial Account

\$ 163,501

EQUITY

Balance
Unreserved (See Note IV.D)

\$ 163,501

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		\$	243,887
Interest and Penalties on Delinquent Taxes			134
Property Tax Administration Fee			2,431
Dog License Fees			15
Overcollections from Taxpayers			<u>105</u>
Total Receipts		\$	246,572

DISBURSEMENTS

Payments to County Treasurer			
Current Tax			
2003 Tax Roll	\$	47,237	
2002 Tax Roll		<u>17,645</u>	\$ 64,882
Payments to Township Treasurer			
Current Tax			
2002 Tax Roll	\$	10,789	
Property Tax Administration Fees			
2002 Tax Roll		<u>2,007</u>	12,796
Payments to School Treasurer			
Current Tax			
Houghton Lake Community Schools			
2003 Tax Roll	\$	12,516	
2002 Tax Roll		7,898	
McBain Rural Agricultural School			
2003 Tax Roll		11,341	
2002 Tax Roll		<u>5,535</u>	37,290
Payments to Intermediate School Treasurer			
Current Tax			
COOR Intermediate School District			
2003 Tax Roll	\$	1,226	
2002 Tax Roll		647	
Wexford-Missaukee Intermediate School District			
2003 Tax Roll		4,790	
2002 Tax Roll		<u>3,999</u>	10,662

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
YEAR ENDED MARCH 31, 2004

Payments to College Treasurer			
Current Tax			
Kirtland Community College			
2003 Tax Roll	\$	5,045	
2002 Tax Roll		<u>3,216</u>	8,261
Payments to Library Treasurer			
Current Tax			
Houghton Lake Public Library			
2003 Tax Roll	\$	807	
2002 Tax Roll		<u>419</u>	1,226
Refund of Overcollections from Taxpayers			105
Bank Service Charge			<u>4</u>
Total Disbursements			<u>135,226</u>
Excess of Receipts Over (Under) Disbursements	\$		111,346
<u>BALANCE</u> - Beginning of Year			<u>52,155</u>
<u>BALANCE</u> - End of Year	\$		<u><u>163,501</u></u>

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Land Improvements	\$ 4,141	\$ 0	\$ 0	\$ 4,141
Buildings	16,482	0	0	16,482
Furniture and Fixtures	3,589	0	0	3,589
	<u>\$ 24,212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,212</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 24,212</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,212</u>

HOLLAND TOWNSHIP, MISSAUKEE COUNTY
FALMOUTH, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	98,734	
Community College		19,425	
Township		11,994	
Schools			
Houghton Lake Community Schools		65,160	
McBain Rural Agricultural School		42,346	
Intermediate Schools			
COOR Intermediate		4,618	
Wexford-Missaukee Intermediate		19,616	
Library			
Houghton Lake Public Library		3,038	
			\$ 264,931

TAXES COLLECTED

County	\$	90,927	
Community College		17,456	
Township		10,778	
Schools			
Houghton Lake Community Schools		60,831	
McBain Rural Agricultural School		39,718	
Intermediate Schools			
COOR Intermediate		4,217	
Wexford-Missaukee Intermediate		17,185	
Library			
Houghton Lake Public Library		2,775	243,887

TAXES RETURNED DELINQUENT

County	\$	7,807	
Community College		1,969	
Township		1,216	
Schools			
Houghton Lake Community Schools		4,329	
McBain Rural Agricultural School		2,628	
Intermediate Schools			
COOR Intermediate		401	
Wexford-Missaukee Intermediate		2,431	
Library			
Houghton Lake Public Library		263	\$ 21,044

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 15, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Holland Township
Missaukee County
Falmouth, Michigan

During the course of our audit of the general-purpose financial statements of Holland Township for the year ended March 31, 2004, we noted the following:

Budgeting

P.A. 621 requires that the Township's budget document include a column of actual prior year amounts and estimated current year amounts along with the proposed budget (future year amounts). Your document only included a column with the proposed budget.

Property Tax Administration Fee

As reported in Note IV.F. of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the Board pass a motion to write off the loss annually.

GASB 34

The Governmental Accounting Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB 34 on its financial statements when the implementation date of March 31, 2005, becomes closer.

Current Tax Collection Fund

At year end, the Tax Collection Fund had a balance of \$163,501. The Township settled with the County on April 8, 2004, as of May 31, 2004, the Tax Collection Fund bank statement still showed a balance of \$119,767. These funds should have been paid out before or at settlement at a minimum. In fact, the State Uniform Accounting Procedure Manual calls for distributions to be made within 10 business days after the 1st and 15th of each month from December 1 through February 28.

Also, no deposits were made to the bank account for winter tax collections that began December 1, 2003 until February 2004. Approximately \$200,000 of tax collection deposits were made between February 20 and February 23, 2004. The majority of these deposits were for taxes collected in December and January. We recommend that all receipts be timely deposited at your bank at least once per week in accordance with the State Uniform Accounting Procedures Manual.

We would like to thank the board for awarding our firm the audit assignment and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

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CERTIFIED PUBLIC ACCOUNTANTS

June 15, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Holland Township
Missaukee County
Falmouth, Michigan

In planning and performing our audit of the general-purpose financial statements of Holland Township, Missaukee County, Falmouth, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.